

6 November 1963

MEMORANDUM FOR: Mr. Clark M. Clifford
Chairman
President's Foreign Intelligence
Advisory Board

SUBJECT: Executive Pay Bills

1. The bill introduced by Mr. Udall this October, H. R. 8716, provided for a Federal Executive Salary Schedule in six Levels. Level I provided for the cabinet officers. Level II had ten positions, starting with the Deputy Secretary of Defense and the Under Secretary of State and including the Director of Central Intelligence. The Deputy Director of Central Intelligence was in Level III, and Levels IV, V, and VI could be filled by senior officers of departments and agencies with the approval of the President. In this bill the Director and Deputy Director seemed suitably placed in their relationship to the other officials with whom they normally deal. The salary levels ran up to \$45,000 for cabinet officers and were graduated down to \$27,500 for Level VI. Objection grew to the large increases which would thus result, and in executive session the House Post Office and Civil Service Committee made an agreement that generally increases would be held to \$10,000. This started a considerable rearrangement among the levels.

2. The Committee has now voted to report out Mr. James H. Morrison's bill, H. R. 8986, which is a compromise of many points. In the Federal Executive Salary Schedule there are still six Levels, going from \$35,000 down to \$26,500. Level I still includes only the cabinet officers. Level II includes three positions which were previously in lower levels, Chairman of the Board of Governors of Federal Reserve, the Director of the U. S. Arms Control and Disarmament Agency, and the Director of the United States Information Agency. Also, three positions now in

Level II. Chairman of the Board of Governors of Federal Reserve, Director of the United States Information Agency, and the Director of the Federal Bureau of Investigation, violate the \$10,000 rule as their salaries are currently less than \$22,500. However, the Director of Central Intelligence, presumably in compliance with the \$10,000 rule, has been placed in Level III. The Deputy Director of Central Intelligence is not specifically provided for and, therefore, would at most be in Level IV. Comparison of positions in these levels demonstrates that it was most inappropriate for the Director to be in Level III instead of Level II and that the Deputy Director should be in Level III.

3. If the bill is enacted in the present form, the long-run effect on the position of the Director and the Agency would be most harmful. While the Committee has voted to report the bill out, it has not been formally reported and the Rules Committee has not acted. The leadership reportedly would try to prevent floor amendments although almost certainly some will be offered.

4. At present it would appear that the best chance for a successful action would be in the Senate Committee. The Director has discussed the situation with Mr. Gordon, Bureau of the Budget, who is sympathetic to any action that can restore the Director's position. He has also discussed it with Mr. Cannon, Chairman of the House Appropriations Committee and of the CIA Subcommittee thereof, who is also sympathetic. The Director has talked to Mr. Udall and Mr. Morrison, who said they were not aware that he had been downgraded and certainly they had not intended to do so. We have given them proposals for amendments which would restore the Director's position, copy of which is attached. The Director plans to talk to Mr. Vinson tomorrow and will also alert Senators Russell and Saltonstall of our Subcommittee of Senate Armed Services and Senators on the Senate Post Office and Civil Service Committee.

s/

LAWRENCE R. HOUSTON
General Counsel

Attachment

OGC:LRH:jeb
O&I-Addressee
1-EA/DCI
1-DDCI
1-D/DCI/NIPE
1-D/Personnel
1-Legislative Counsel

**PROPOSED AMENDMENTS TO H.R. 8986, RELATING TO THE
POSITIONS OF DIRECTOR OF CENTRAL INTELLIGENCE AND
DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE IN THE
FEDERAL EXECUTIVE SALARY SCHEDULE**

On page 43, after line 3, add a new subparagraph (10) and
the words Director of Central Intelligence.

On page 45, at line 14, insert after (38) and before Director
the word Deputy.

MEMORANDUM FOR: Mr. Clark M. Clifford
Chairman
President's Foreign
Intelligence Advisory Board

Since writing the attached memorandum on the problem of the Director's position in the executive pay bills and the downgrading in the present bill, we have been informed by Mr. Morrison that he will definitely offer a floor amendment replacing the Director in Level II and the Deputy Director in Level III. Our problem now, therefore, is to organize appropriate support for this amendment.

s/
Lawrence R. Houston
General Counsel, CIA

6 November 1963
(DATE)

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

(47)